

**Mode Global Holdings Plc**  
**("Mode")**  
**Audited Financial Results to 31 December 2022**

**STRATEGIC REPORT**

**Business Review**

Since day one, Mode has grown through the strength, passion, and innovation of its people. From developers to shareholders, the evolution of Mode can be credited to a collaboration of thinkers each focused on the same core goal: reforming the financial ecosystem for the better and creating genuine value for both businesses and consumers through the use of cutting-edge technology. Across both traditional finance and crypto, there are still huge challenges to overcome and gaps to be filled when it comes to trust, transparency, and user experience, which has remained a major driving force for us to continue on our mission and succeed in our vision.

We have seen significant volatility during 2022 in both equity and the crypto markets, driven by a number of contributing factors and a challenging economic year on a global scale but that has not stopped Mode from delivering value to our users. We launched our unique Bitcoin Cashback programme in May enabling users to earn Bitcoin every time they shopped from leading UK retailers through the Mode app, including Samsung, Farfetch and The Range to name a few. The new rewards product was well received. Additionally, Mode has expanded the number of Bitcoin Payroll clients onboarded as businesses realise the value of being able to pay their employees in Bitcoin.

During the second half of the year, Mode began rolling out its multi-token offering including Ethereum, Polkadot and Solana. Mode ended the year with a collection of products that cater to the different crypto personas. Our trading, payments, rewards and payroll products were all seen to be significant in Mode's planned roadmap.

**Mode in 2023**

Due to difficult economic circumstances and the collapse of high profile Crypto businesses like FTX, Mode has decided to cease its crypto and payment operations and shut down all customer facing activities including its phone applications. This has been done to maintain cash reserves whilst the Board considers the future of the Group.

Mode continues to work with the FCA and partners to return all fiat and crypto deposits to its customers over a winding down process.

During Q1 2023 and continuing today, the Mode Board of Directors entered Mode Global Limited into a Company Voluntary Arrangement ("CVA") with its creditors. This was agreed on the 5<sup>th</sup> April 2023.

To secure a longer-term future of the Mode Global Holding PLC status, the Board of Directors are in conversations with multiple parties to raise funds and to therefore enable the vehicle to invest in future ventures as they seem appropriate at the time. The parent and its subsidiaries (except for Mode Global Limited) have sufficient funds to cover costs and meet liabilities as they fall due for a period of 12 months from the signing of the accounts. These cash reserves give the Group the ability to identify and agreed on the most appropriate future plan.

Additionally £1.6 million of convertible loan notes have expired on 28 June 2023. The directors are in discussions with the holders of the convertible loan notes to extend the term of the loan notes as the Group does not currently have sufficient funds to settle these loan notes in full. The directors are confident of being able to extend and renegotiate the terms of the loans.

For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

The directors are aware of the risks and uncertainties facing the business, but the assumptions used are the directors' best estimates of the future development of the business.

## Financial Review

### Performance of the business during the period and the position at year end.

Revenue for the year decreased slightly from £1,313k to £1,081k, a drop of £232k, this was driven primarily by the significant drop in crypto revenues from £656k in 2021 to £154k in 2022, a fall of 77%. The market for Crypto trading in 2022 saw a significant downturn which impacted Mode's top line.

Our Global Services payments platform (JGOO), saw a significant increase in payments activity, as UK merchants took advantage of the online ecommerce payment platform to connect with the sizable Chinese consumer base via WeChat and Alipay. This grew from £721k in 2021 to £926k in 2022, growth of 28%.

Administrative expenses were £6,938k (2021: £9,382k) reducing by £2,444k (26%) during the year. This was driven a Group wide cost review exercise resulting in significantly greater efficiencies, reduced headcount and greatly reduced marketing spend.

Cash Balances ended the year at £814k (2021: £4,155k). The significant reduction reflects the increase in net cash losses from operations of £5,302k incurred to continue to grow the business partly offset by the issuance of a convertible loan note in July 2022 which raised £2,000k.

## EXTRACT FROM INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MODE GLOBAL HOLDINGS PLC

### Material uncertainty related to going concern

We draw attention to the going concern note in the accounting policies, concerning the Group's ability to continue as a going concern.

The matters explained indicate that the Group needs to raise further funds to enable the Group to invest in future ventures as they deem appropriate at the time.

Additionally, £1.6 million of convertible loan notes have expired on 28 June 2023. The directors are in discussions with the holders of the convertible loan notes to extend the term of the loan notes as the Group does not currently have sufficient funds to settle these loan notes in full.

As at the date of approval of these financial statements there are no legally binding agreements relating to securing the extension. These events or conditions along with the matters set forth in in the accounting policies indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## MODE GLOBAL HOLDINGS PLC GROUP FINANCIAL STATEMENTS

### Consolidated Statement of Income

		FY 31-Dec-2022 £'000	FY 31-Dec-2021 £'000
<b>Continuing operations</b>			
Revenue	4	1,081	1,313
Cost of sales		(1,012)	(1,151)
<b>Gross profit</b>		<b>69</b>	<b>162</b>
Administrative expenses	5	(6,938)	(9,382)
<b>Operating Loss</b>		<b>(6,869)</b>	<b>(9,220)</b>
Investment Revenue		-	5
Finance costs		(64)	-
<b>Loss before taxation</b>		<b>(6,933)</b>	<b>(9,215)</b>

Taxation	7	520	269
<b>Loss for the period</b>		<b>(6,413)</b>	<b>(8,946)</b>
Basic and diluted loss per share (pence)	8	(6)	(10)

### Consolidated Statement of Comprehensive Income

		FY 31-Dec-2022 £'000	FY 31-Dec-2021 £'000
Loss for the period		(6,413)	(8,946)
Other Comprehensive Income:			
Reclassified to profit or loss when specific conditions are met		(194)	(261)
<b>Total Comprehensive Loss for the year</b>		<b>(6,607)</b>	<b>(9,207)</b>

### Consolidated Statement of Financial Position

		FY 31-Dec-2022 Audited £'000	FY 31-Dec-2021 Audited £'000
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	10	11	33
<b>Intangible Non-Current Assets</b>			
Software		21	57
<b>Intangible Current Assets</b>			
Treasury BTC	9	-	463
<b>Current Assets</b>			
Inventory - Crypto		45	-
Trade and other receivables	11	176	1,260
Cash and cash equivalents	12	814	4,155
<b>Total Assets</b>		<b>1,067</b>	<b>5,967</b>
<b>Equity and Liabilities</b>			
<b>Equity attributable to equity holders of the Group</b>			
Share Capital - Ordinary shares	14	1,029	915
Share Premium account	14	17,050	16,721
Profit and Loss Account		(20,152)	(14,719)
Group Reorganisation Reserve		454	454
Revaluation Reserve		-	194
Share Option Reserve	15	77	1,058
<b>Total Equity</b>		<b>(1,542)</b>	<b>4,623</b>
<b>Current Liabilities</b>			
Convertible Loan Notes	16	1,622	-
Current trade and other payables	13	987	1,344
<b>Total Liabilities</b>		<b>2,609</b>	<b>1,344</b>
<b>Total Equity and Liabilities</b>		<b>1,067</b>	<b>5,967</b>

## Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Accumulated deficit £'000	Group Reorganisation Reserves £'000	Revaluation Reserve £'000	Share Option Reserve £'000	Convertible loan note £'000	Total equity £'000
<b>As at 31 December 2020</b>	<b>805</b>	<b>11,091</b>	<b>(6,878)</b>	<b>454</b>	<b>455</b>	<b>315</b>	<b>-</b>	<b>6,242</b>
Shares issued	109	5,632	-	-	-	-	-	<b>5,741</b>
Share Option Reserve	-	-	-	-	-	743	-	<b>743</b>
Gain on sale of Bitcoin assets	-	-	1,105	-	-	-	-	<b>1,105</b>
Total Comprehensive Loss for the year	-	-	(8,946)	-	(261)	-	-	<b>(9,207)</b>
<b>As at 31 December 2021</b>	<b>914</b>	<b>16,723</b>	<b>(14,719)</b>	<b>454</b>	<b>194</b>	<b>1,058</b>	<b>-</b>	<b>4,623</b>
Shares issued	114	329	-	-	-	-	-	<b>443</b>
Share Option Lapsing	-	-	981	-	-	(981)	-	<b>-</b>
Total Comprehensive Loss for the year	-	-	(6,413)	-	(194)	-	-	<b>(6,607)</b>
<b>As at 31 December 2022</b>	<b>1,029</b>	<b>17,050</b>	<b>(20,151)</b>	<b>454</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>(1,540)</b>

## Consolidated Statement of Cashflows

	FY 31-Dec-2022 Audited £'000	FY 31-Dec-2021 Audited £'000
<b>Cash flows from operating activities</b>		
Operating loss	(6,933)	(9,220)
(Increase)/decrease in receivables	1,082	(797)
Increase/(decrease) in payables	(356)	908
Finance Income	-	(5)
Finance Costs	64	-
<i>Adjustment for:</i>		
Depreciation and amortisation	16	28
Share based payment	-	743
Impairment of BTC	369	-
Interest (paid) / received	(64)	5
Research and development tax credit claim	520	269
<b>Net cash generated from operations</b>	<b>(5,302)</b>	<b>(8,069)</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, plant & equipment	-	(29)
Purchase of BTC Treasury	-	(1,933)
<b>Net cash from financing activities</b>	<b>-</b>	<b>(1,952)</b>
<b>Cash flows from financing activities</b>		
Sale of BTC Treasury	-	3,064
Issue of shares	-	5,741
Convertible loan note issue	2,000	-
<b>Net cash from financing activities</b>	<b>2,000</b>	<b>8,805</b>

<b>Net increase in cash and cash equivalents</b>	(3,302)	(1,216)
Cash and cash equivalents at the beginning of the period	4,155	5,365
Effect of exchange rate changes on cash and cash equivalents	(39)	6
<b>Cash and cash equivalents at end of period</b>	<b>814</b>	<b>4,155</b>
<b>Represented by: Bank balances and cash</b>	<b>814</b>	<b>4,155</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. General information

Mode Global Holdings is the holding company for a group of companies that trade under the name 'Mode Global'. Mode Global Holdings was incorporated on 5 August 2020 under the laws of England with a registered number of 12794676. Mode Global Holdings is in the financial services business. Its business address is Finsgate, 5-7 Cranwood Street, London, United Kingdom, EC1V 9EE.

Mode Global Holdings wholly owns Mode Global Limited ("Mode Global"), which in turn owns 100% of JGOO Limited ("JGOO@"), 100% of Greyfoxx Limited ("Greyfoxx") and 100% of Fibere Limited ("Fibere"). Greyfoxx wholly owns Fibermode Limited ("MODE@"). Mode Global Holdings, together with its subsidiaries, are referred to herein as the "Group". All the limited companies are incorporated and domiciled in England. The registered company numbers of these companies are 09768854 (Mode Global Limited) 10805100 (JGOO Limited), 12123111 (Greyfoxx Limited), 12408852 (Fibere Limited) and 11085143 (Fibermode Limited).

<b>Name</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Ownership</b>	<b>Nature of Business</b>
Mode Global Limited	United Kingdom	Direct	100%	Holding Company
JGOO Limited	United Kingdom	Indirect	100%	Global Payments Platform
Fibermode Limited	United Kingdom	Indirect	100%	Mode Digital Wallet (including Cryptocurrency)
Greyfoxx Limited	United Kingdom	Indirect	100%	Mode for Business
Fibere Limited	United Kingdom	Indirect	100%	Mode Store

Mode provides customers the ability to manage their traditional (fiat) money and their digital assets (cryptocurrency) using the same mobile (or web) application. Through MODE's mobile interface, customers have an all-encompassing view of their traditional fiat and cryptocurrency balances and will be able to initiate various transactions in both.

JGOO is a payment processing, marketing and advertising company. It aims to provide the next generation of a social media and mobile payments platform, enabling consumers, merchants, and brands to make and receive payments without the need for card platforms, using their mobile phones to make and accept payments. JGOO's initial focus has been on enabling British brands to engage with Chinese shoppers, both face-to face and online, but will widen its markets in the future.

Greyfoxx became a Financial Conduct Authority (FCA) authorised electronic money institution as of 23<sup>rd</sup> June 2021, meeting various conditions set out by the FCA. Greyfoxx aims to provide e-money services to both JGOO and MODE.

Fibere Limited is the Mode Clothing Store where customers can get Bitcoin cashback for buying items that advertise Mode as a brand.

The Group's principal activity is to invest in fintech companies. Its core platform, 'Mode', is a financial services ecosystem which is a fully regulated, UK-based institution, providing the full scope of banking and financial services to the holders of both traditional and crypto-assets.

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at 31 December 2022 and for the year to 31 December 2022.

## **2. Accounting policies**

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

### **Basis of preparation**

This financial information has been prepared in accordance with IFRS, including IFRS Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) as adopted by the UK and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information has been prepared under the historical cost convention. The principal accounting policies adopted are set out below and these policies have been consistently applied.

The preparation of financial statements, in compliance with adopted IFRSs, requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

### **Basis of consolidation**

The consolidated financial statements include the results of the Group as if they formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, whereby it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Subsidiaries are all entities over which Mode Global Holdings plc has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. All subsidiaries have a reporting date of 31 December.

### **Changes in accounting policies and disclosures**

The accounting policies adopted are consistent throughout the financial period. Standards and amendments to IFRS effective as of 01 January 2021 have been applied by the Group.

There were a number of standards and interpretations which were in issue at 31 December 2021 but were not effective at 31 December 2022 and have not been adopted for these Financial Statements.

These include:

- Amendments to IFRS 3 Business Combinations - change in reference to the conceptual framework (applicable on or after 1 January 2022)
- Amendments to IFRS 17 Insurance Contracts - measurement of insurance liabilities (applicable on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements - further disclosure requirements including additional detail around accounting policies (applicable on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - definition of accounting estimates (applicable on or after 1 January 2023)
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (applicable on or after 1 January 2022)

The Directors have assessed the impact of these accounting changes on the Group. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's Financial Statements.

There are no other IFRS or IFRIC interpretations that are effective for the first time in this financial year that would be expected to have a material impact on the Group.

### **Going concern**

The consolidated financial statements are prepared on the going concern basis. As expected for any start-up, the Group has incurred significant operating losses and negative cashflows.

The Directors have created multiple scenarios for Mode Global Holdings PLC's cash forecasts over the next 12 months. This process included a base case scenario which shows that the Group, through careful management of its balance sheet and cash spend, will be able to continue to operate for a period of greater than 12 months.

As part of this process, The Group's board approved for Mode Global Limited to enter into a Company Voluntary Arrangement with its creditors. The process is continuing but Directors are confident that they come to an positive arrangement for the Group and external creditors.

To secure a longer-term future of the Mode Global Holding PLC status, the Board of Directors are in conversations with multiple parties to raise funds and to therefore enable the vehicle to invest in future ventures as they seem appropriate at the time.

Additionally £1.6 million of convertible loan notes have expired on 28 June 2023. The directors are in discussions with the holders of the convertible loan notes to extend the term of the loan notes as the Group does not currently have sufficient funds to settle these loan notes in full. The directors are confident of being able to extend and renegotiate the terms of the loans.

For these reasons, we continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

The directors are aware of the risks and uncertainties facing the business, but the assumptions used are the directors' best estimates of the future development of the business.

### **Foreign currency**

The functional currency of the Group and subsidiaries are Pound Sterling (£). The presentational currency of the Group and subsidiaries are £ because a significant amount of its transactions is in £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

### **Share capital**

The costs directly associated with the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. For the options, these have been detailed below as

share based payments.

## **Revenue recognition**

### **Digital Wallet - Fibermode**

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business.

Revenue represents commission on customer trading activities and includes interest received on Bitcoin holdings lent out to a third-party Network. Commission is recognised on the day the trade completes.

### **Global Services - JGOO**

Revenue is recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue on the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised on service contracts at the point at which the service has been completed, or for contracts covering a period of time, monthly over the period of the contract. Revenues exclude intra-group sales and value added taxes and represent funds received on a gross basis, as the transaction revenue is received by JGOO as the principal in respect of completing the payment transaction. We control the service of completing payments on our payments platform and bear primary responsibility for the fulfilment of the payment service. JGOO has full discretion in determining fees charged to UK merchants, which is independent of the revenue we receive from Alipay and WeChat Pay. We therefore bear the risk when completing transactions and report these items as separate transactions.

## **Employee benefits**

### **(i) Short-term benefits**

Wages, salaries, paid annual leave and sick leave and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

### **(ii) Defined contribution plan**

As at year ended 31 December 2022, the Company had a defined contribution pension scheme for employees with Scottish Widows. For this defined contribution plan, the Company pays contributions to a privately administered pension insurance plan on a mandatory basis. The contributions are recognised as an employee benefit expense when they are due.

## **Operating leases**

The Group has elected not to recognise right-of-use assets and lease liabilities for its leases, all of which qualify as short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Current taxation:



Current tax is the amount of income tax payable (or refundable) in respect of the taxable profit (or loss) for the year or prior years. Tax is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted by the period end. Research and development tax credits are recognised on a cash basis due to the uncertainty around whether claims will be approved by the UK tax authorities.

### **Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

The Group is entitled to a tax deduction on the exercise of certain employee share options. A share-based payment expense is recorded in the income statement over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases, a deferred tax asset may be recorded. The deferred tax asset arising on share option awards is calculated as the estimated amount of tax deduction to be obtained in the future (based on the Group's share price at the balance sheet date) pro-rated to the extent that the services of the employee have been rendered over the vesting period. If this amount exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity, against retained earnings. Similarly, current tax relief in excess of the cumulative amount of the Share-based payments expense at the statutory rate is also recorded in retained earnings.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

### **Equity instruments**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

### **Share-based payments**

The Company operates an unapproved share-based compensation plan, under which the company receives services from employees as consideration for equity instruments (options) of Mode Global Holdings PLC. The awards were granted, on two separate dates being October 27<sup>th</sup> 2020 and 4<sup>th</sup> November 2020, by Mode Global Holdings PLC, and the fair value of the employee services received in exchange for the grant of the options is recognised as an expense under IFRS 2. A credit is recognised directly in equity (Share Option Reserve). The total amount to be expensed was determined by reference to the fair value of the total options granted using the Black Scholes model - see Note 15.

No options were able to be exercised prior to April 2021. Since then, no options have been exercised as the share price remains below the original strike price.

as the share price remains below the original strike price.

The latest date that the options can be exercised is the tenth anniversary of the Grant Date, and if not exercised before then the options would automatically lapse.

### **Intangible assets - Software**

Software has a finite life and is therefore carried at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of software and websites over their estimated useful lives of three years.

### **Accounting for cryptocurrencies**

The Group's cryptocurrencies are held for the purpose of liquidity and settling customer trades in a timely manner. As a result, we account for cryptocurrencies as inventory under IAS2. Inventory is held at the lower of cost and net realisable value. Impairments are taken to the Profit and Loss account.

### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Computer equipment: 33% straight-line

Plant and machinery: 33% straight-line

### **Financial assets and liabilities**

#### *Recognition and initial measurement*

The Group initially recognises loans and advances, trade and other receivables/payables, and borrowings plus or minus transactions costs, when and only when the Group becomes party to the contractual provisions of the instruments.

#### *Financial assets at amortised cost*

The Group's financial assets at amortised cost comprise trade and other receivables. These represent debt instruments with fixed or determinable payments that represent principal or interest and where the intention is to hold to collect these contractual cash flows. They are initially recognised at fair value, included in current and non-current assets, depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost comprise trade and other payables. They are classified as current and non-current liabilities depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method.

#### *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or

the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

#### *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

### **Summary of critical accounting estimates and judgements**

The preparation of financial information, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the directors and management, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future, and other key estimated uncertainties at the date of the financial statements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management do not believe there to be estimates or judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

### **Share-based payments**

The basis for the share-based payments expense for 2022 has been set out in Note 15. In accounting for the fair value of options and warrants, the Company makes assumptions regarding share price volatility, risk free rate, and expected life, in order to determine the amount of associated expense to recognise.

## **3. Financial risk management**

### **Financial instruments**

<b>Financial assets</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	£'000	£'000
Cash and cash equivalents	814	4,155
Treasury BTC	45	463
Trade receivables - net of provision	-	13
Other receivables	176	1,116
<b>Financial assets</b>	<b>1,035</b>	<b>5,747</b>
<b>Financial liabilities</b>		
Convertible Loan Notes	1,622	-
Trade payables	805	708
Other payables	143	127
Accruals	40	508
<b>Financial liabilities</b>	<b>2,609</b>	<b>1,344</b>

### **Fair value hierarchy**

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value, which also approximates the fair values for short-

term in nature are shown at the carrying value, which also approximates the fair values for short term financial instruments. Therefore, no separate disclosure for fair value hierarchy is required. The disclosure on fair value hierarchy does not apply to the financial leases.

The Group's activities expose it to a variety of financial risks, mainly credit risk, liquidity risk and interest rate risk.

### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the Group's outstanding bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered to be low as the bank accounts are with banks with high credit ratings.

### **Liquidity risk**

The Group currently holds cash and Bitcoin balances to manage trading activity and is managed centrally. Trade and other payables are monitored as part of normal management operations.

The below, for 2022, is predominantly made up of accrued costs and tax liabilities relating to payroll:

<b>2022</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade and other payables	2,609	-	-
<b>Total</b>	<b>2,609</b>	<b>-</b>	<b>-</b>

<b>2021</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade and other payables	1,344	-	-
<b>Total</b>	<b>1,344</b>	<b>-</b>	<b>-</b>

### **Market risk - interest rate risk**

The Group carries no interest rate risk at the respective year ends.

### **Capital risk management**

The Group's capital management objectives are to ensure that the Group continues to operate as a going concern, and provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

To meet these objectives, the Company reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Company through to profitability, and achieve a positive cash flow.

All working capital requirements are financed from existing cash resources.

#### 4. Segment information

The Group's Revenue is made up of the trading commission on cryptocurrency assets (Fibermode), as well as bespoke payment and marketing solutions on its Global Services platform (JGOO).

The Group currently only operates in the UK and so for now the presentation of a geographical split is not applicable.

	31-Dec-22			
	JGOO	Fibermode	Other	Total
	£'000	£'000	£'000	£'000
Revenue	927	154	-	1,081
Cost of sales	(916)	(96)	-	(1,012)
<b>Gross Profit</b>	<b>11</b>	<b>58</b>	<b>-</b>	<b>69</b>
Administrative expenses	(414)	(762)	(5,762)	(6,938)
<b>Operating Loss</b>	<b>(405)</b>	<b>(704)</b>	<b>(5,762)</b>	<b>(6,869)</b>
<b>Assets</b>	68	619	380	1,067
<b>Liabilities</b>	3,366	6,428	(7,185)	2,609
<b>Equity</b>	(3,298)	(5,809)	7,565	(1,542)
<b>Total Liabilities &amp; Equity</b>	<b>68</b>	<b>619</b>	<b>380</b>	<b>1,067</b>

  

	31-Dec-21			
	JGOO	Fibermode	Other	Total
	£'000	£'000	£'000	£'000
Revenue	721	656	(64)	1,313
Cost of sales	(694)	(452)	(5)	(1,151)
<b>Gross Profit / (Loss)</b>	<b>27</b>	<b>204</b>	<b>(69)</b>	<b>162</b>
Administrative expenses	(936)	(2,466)	(5,980)	(9,382)
<b>Operating Loss</b>	<b>(909)</b>	<b>(2,262)</b>	<b>(6,049)</b>	<b>(9,220)</b>
<b>Assets</b>	188	911	4,868	5,967
<b>Liabilities</b>	2,585	5,040	(6,281)	1,344
<b>Equity</b>	(2,397)	(4,129)	11,149	4,623
<b>Total Liabilities &amp; Equity</b>	<b>188</b>	<b>911</b>	<b>4,878</b>	<b>5,967</b>

## 5. Loss from operations

	Year to 31 December 2022	Year to 31 December 2021
	£'000	£'000
<b>Operating loss is stated after charging:</b>		
Directors Fees	150	132
Consulting and advisory fees	1,367	530
Premises	102	80
Software costs	669	872
Advertising	182	1,394
Legal and professional fees	556	639
Audit fees	35	26
Share option expense	-	743
Other administrative expenses	3,879	4,966
<b>Total administrative expenses</b>	<b>6,938</b>	<b>9,382</b>

## 6. Employment costs & directors

The average number of employees (including directors) during the period was made up as follows:

	Year ended 31-Dec-22 Number	Year ended 31-Dec-21 Number
Directors (including non-executive directors)	6	6
Administrative	33	38
<b>Total</b>	<b>39</b>	<b>44</b>

<b>2022</b>	<b>Male Number</b>	<b>Female Number</b>
Directors (including non-executive directors)	5	1
Administrative	19	14
<b>Total</b>	<b>24</b>	<b>15</b>

The cost of employees (including directors) during the period was made up as follows:

	Year ended 31-Dec-22 £'000	Year ended 31-Dec-21 £'000
Salaries and wages (including directors)	2,226	3,048
Social security costs	280	335
Pension Costs	28	36
Share Based Remuneration	(981)	743
<b>Staff costs</b>	<b>1,553</b>	<b>4,162</b>

The compensation of key management personnel, principally directors of Mode Global Holdings PLC, for the period were as follows:

	Year ended 31-Dec-22 £'000	Year ended 31-Dec-21 £'000
Salaries/fees	295	484
Social security costs	40	45
Other benefits and pension contributions	3	5
Share Based Remuneration	-	389

<b>Total</b>	<b>338</b>	<b>923</b>
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The above remuneration (including share-based payments) of directors includes the following amounts paid to the highest paid Director:

	<b>Year ended 31-Dec-22 £'000</b>	<b>Year ended 31-Dec-21 £'000</b>
Highest paid Director	172	374

No directors or key management personnel received termination benefits upon their departure.

## 7. Taxation

	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2021</b>
	<b>£'000</b>	<b>£'000</b>
Total current tax (Relief for R&D)	(520)	(269)
<b>Factors affecting the tax charge for the period</b>		
Loss on ordinary activities before taxation	(6,933)	(9,215)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2020: 19%)	(1,317)	(1,751)
Effects of:		
Non-deductible expenses	-	143
Depreciation	54	5
Research & Development tax credits	(520)	(269)
Tax losses carried forward	1,264	1,602
<b>Current tax charge/(credit) for the period</b>	<b>(520)</b>	<b>(269)</b>

## Changes in tax rates

The UK small company's corporation tax rate has been maintained at 19% for the two periods. Accordingly, the deferred tax asset has been calculated based on the rate of 19% at the balance sheet date. Future enacted tax rates of 19% will apply from 1 April 2020 and from 1 April 2021. No liability to UK corporation tax arose on ordinary activities for the current period.

The Group has estimated tax losses of £19,093,000 (2021: £12,752,000) available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset of approximately £3,638,000 (2021: £2,423,000) which has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

## 8. Earnings per share (EPS)

	<b>Year ended 31-Dec-22</b>	<b>Year ended 31-Dec-21</b>
<b>Basic and diluted</b>		
Loss for the period and earnings used in basic & diluted EPS (£)	(6,414,636)	(8,946,882)
Weighted average number of shares used in basic and diluted EPS	104,791,280	89,593,045
Loss per share (p)	(6)	(10)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the

Company by the number of ordinary shares in issue at the end of the period.

## 9. Intangible assets - Treasury BTC

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>£'000</b>	<b>£'000</b>
<b>At period start (1 January)</b>	<b>463</b>	<b>832</b>
Additions	41	1,933
Revaluation	(369)	(261)
Disposals	-	(2,041)
Reclassification to inventory	(135)	-
<b>At period end (31 December)</b>	<b>-</b>	<b>463</b>

## 10. Tangible assets

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>£'000</b>	<b>£'000</b>
<b>At period start (1 January)</b>	<b>33</b>	<b>14</b>
Additions	-	29
Revaluation	(6)	-
Depreciation	(16)	(10)
<b>At period end (31 December)</b>	<b>11</b>	<b>33</b>

Tangible Assets comprises of computer equipment.

## 11. Trade and other receivables

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	-	13
Other receivables	86	1,117
Prepayments	-	40
VAT Receivable	90	90
<b>Total</b>	<b>176</b>	<b>1,260</b>

## 12. Cash and cash equivalents

Where cash at bank earns interest, the interest accrues at floating rates based on daily bank deposit rates. The fair value of the cash and cash equivalents is as disclosed below. For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown below.

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	814	4,155



### 13. Trade and other payables

	31-Dec-22	31-Dec-21
	£'000	£'000
Trade payables	805	708
Other payables	143	127
Accruals	40	509
	<b>987</b>	<b>1,344</b>

### 14. Share capital

	Ordinary shares	Nominal value/share	Share capital	Share premium	Total consideration
	Number	£	£'000	£'000	£'000
<b>At 31 December 2021</b>	<b>91,446,096</b>	<b>0.01</b>	<b>915</b>	<b>16,721</b>	<b>17,636</b>
Ordinary Shares issued on Placing	11,455,147	0.01	114	329	443
<b>At 31 December 2022</b>	<b>102,901,243</b>	<b>0.01</b>	<b>1,029</b>	<b>17,050</b>	<b>18,080</b>

All shares of the Company rank pari passu in all respects.

### 15. Share-based remuneration

The parent operates an unapproved share option plan for all employees of the Group.

In accordance with standard vesting terms, the full award will vest four years after the start of the vesting date (5th October 2021), with 20% vesting on the initial IPO date and a further 5% of the options vested on each three-month anniversary. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The details of the movements in the share scheme are as follows:

	<b>Unapproved Options</b>	
	Number of share options (millions)	Average Exercise price per share (£)
Outstanding as at 31 December 2021	8,737,063	0.50
Granted during the period	5,100,000	0.075
Exercised during the period	-	-
Forfeited during the period	(13,414,244)	0.075
Outstanding as at 31 December 2022	422,819	0.50

No options were exercisable at the end of the period. No share-based payments were settled during the period and therefore the method of settlement is not applicable.

The weighted average fair values of the options granted under the unapproved options scheme were £0.18 per option using the Black Scholes model.

In September 2022, new employees were granted 5.1m options at an exercise price of £0.075 and all existing options were modified to have an exercise price of £0.075 also. Based on a fair value assessment of the share option modification it was assessed that the fair value had decreased however, in line with IFRS 2, we continued to account for the share options of the original grant at the original fair value. The significant inputs into the model are as follows:

Current Price (£) on date issued	0.55
Option Exercise Price (£)	0.5
Expected Life of Options in years	4
Volatility	59%
Dividend Yield	-

Risk free interest rate	0.72%
Adjustment for sub-optimal exercise factor	20%

The expected volatility was determined using the trading prices for MGH plc from the period it listed until February 16<sup>th</sup> 2021 to allow for sufficient time to provide enough scope. The reason for only considering MGH is that there were no other similar companies listed in the UK with comparable operations to MGH.

Following the year end, all options (except for two ex-employees) were lapsed following the discontinued operations. Any charge booked in 2022 was therefore reversed in year and for prior year grants, the charge booked in prior years was reversed through the share option reserve and retained earnings.

## 16. Convertible Loan Notes

In July 2022, £2.0m convertible loans notes were issues repayable in July 2023. This attracted interest at a rate of 8% pa.

The notes shall be converted by the Company on the earlier to occur of:

- i). a change of control (in respect of which the Company shall have provided the Noteholders with reasonable notice to allow it to exercise its conversion rights hereunder); or
- ii). a qualifying financing being completed; or
- iii). the maturity date (28 June 2023).

The convertible loan has been treated as a short term liability as the maturity date is less than 12 month. Interest has been accrued on a quarterly basis.

During the year, £441k of loan notes were converted for 11,455,147 shares in Mode Global Holdings PLC.

Note, management believe the requirement for the separation of the derivative element of the CLN share conversion term to be immaterial and have therefore not accounted for this separately.

## 17. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Retained earnings represent all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.
Revaluation Reserve	Revaluation Reserve is the excess over nominal value for the purchased Intangible Bitcoin Assets
Group Reorganisation Reserve	The consolidation of Mode Global Limited and its subsidiaries resulted in the elimination of the parent's investment in the subsidiaries, and the recognition of a group reorganisation reserve
Share Based Payment Reserve	Cumulative estimated expense amount based on the price of MGH's share options

The Other Reserves noted on the Statement of Changes in Equity include Group Reorganisation Reserve, Share Based Payments Reserve and the Revaluation Reserve.

## 18. Capital commitments

The Company has no capital commitments at the years ended 31 December 2022 and 31 December 2021.

## 19. Related Party Transactions

During the year the following related parties transactions were entered into. These were at an arm's length received no favourable terms.

On the 13 July 2022, the following related parties subscribed to the Convertible Loan Note issuance. See Note 16 for more details on the Convertible Loan Note terms.

Related Party	Convertible Loan Note Subscribed (£)	Outstanding Convertible Loan Notes (£)
Liwathon Limited	£550,000	£436,067
Linley Limited	£500,000	£305,944
Rita Liu (Chief Executive Officer)	£20,000	£20,000
Michael Robertson (Non-executive director)	£20,000	£20,000
David Shrier (Non-executive director)	£25,000	£25,000

Note, Liwathon Ltd and Linley Limited are controlled by close Rowland Family members and management deem them to be related parties for this purpose.

## 19. Events after the reporting date

Post year end the Group made the decision to cease operations and wind down all subsidiaries in order to maximise cash reserves in the parent Company.

The Board of Directors also approved a Company Voluntary Arrangement ("CVA") for Mode Global Limited and this was approved by the courts on the 5<sup>th</sup> April 2023.

Management are in the process on settling creditors and employee claims in line with this agreement.

Fibermode Limited has agreed with the Financial Conduct Authority ("FCA") a plan for winding down the customer operations and returning customers fiat and crypto deposits over an extended period of time deemed sufficient by both parties.

## 20. Ultimate controlling party

There is no ultimate controlling party of the Company.

## MODE GLOBAL HOLDINGS PLC

### Company Statement of Financial Position

	Note	2022 £'000	2021 £'000
<b>Assets</b>			
<b>Non-current Assets</b>			
Net amounts due from subsidiaries	3.1	-	-
Investment in group companies	3.3	-	-
<b>Current Assets</b>			
Trade and other receivables		101	169
Cash and cash equivalents		7	3,307
<b>Total Assets</b>		<b>108</b>	<b>3,476</b>
<b>Equity and Liabilities</b>			
<b>Equity attributable to equity holders of the Group</b>			
Share Capital - Ordinary shares		1,029	914

Share Premium account	17,050	16,723
Profit and Loss Account	(46,917)	(42,197)
Merger Relief Reserve	26,940	26,940
Share Option Reserve	77	1,058
<b>Total Equity</b>	<b>(1,822)</b>	<b>3,438</b>
<b>Current Liabilities</b>		
Convertible Loan Notes	1,622	-
Current trade and other payables	308	38
<b>Total Liabilities</b>	<b>1,930</b>	<b>38</b>
<b>Total Equity and Liabilities</b>	<b>108</b>	<b>3,476</b>

The Company profit and loss account has been approved by the directors, and the use of the exemption under s408 of the Companies Act has been applied to publish an individual profit & loss statement.

These financial statements were approved and authorised for issue by the board of directors on 30<sup>th</sup> June 2023 and were signed on its behalf by:

**Jonathan Rowland**  
Chairman

#### Company Statement of Changes in Equity

	Note	Share capital £'000	Merger Relief Reserve £'000	Share premium £'000	Accumulated deficit £'000	SBP Reserve	Total equity £'000
<b>As at 31 December 2020</b>		<b>806</b>	<b>26,940</b>	<b>11,091</b>	<b>(278)</b>	<b>315</b>	<b>38,874</b>
Shares issued (incl Placing)		108	-	5,632	-	-	5,740
Share Option Reserve		-	-	-	-	743	743
Loss for Year		-	-	-	(41,919)	-	(41,919)
<b>As at 31 December 2021</b>		<b>915</b>	<b>26,940</b>	<b>16,723</b>	<b>(42,197)</b>	<b>1,058</b>	<b>3,438</b>
Shares issued		114	-	327	-	-	442
Share Option Reserve		-	-	-	981	(981)	-
Loss for Year		-	-	-	(5,701)	-	(5,701)
<b>As at 31 December 2022</b>		<b>1,029</b>	<b>26,940</b>	<b>17,050</b>	<b>(46,917)</b>	<b>77</b>	<b>(1,821)</b>

Share capital is the amount subscribed for shares at nominal value.

Merger relief reserve is the excess over the nominal value for shares issued as part of a share-for-share exchange.

The accompanying notes are an integral part of these financial statements.

## **NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **1. General information**

Mode Global Holdings Plc is an investment company incorporated by shares in the United Kingdom. The address of the registered office is Finsgate, 5-7 Cranwood Street, London, United Kingdom, EC1V 9EE. The Company was incorporated and registered in England and Wales on 5<sup>th</sup> August 2020 as a public limited company.

As at 31 December 2022 the Company had shareholdings in five entities, a direct holding in Mode Global Limited, and indirect holdings in JGOO Limited 100%, Greyfoxx Limited 100%, Fibermode Limited (100%) & Fibere Limited (100%).

### **2. Accounting policies**

#### **Basis of preparation**

The financial statements of the parent company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101") and the requirements of the Companies Act 2006 in accordance with applicable accounting standards.

These policies have been consistently applied.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f), and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The Company has also taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account.

The preparation of financial statements, in conformity with FRS101, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the Company statement of financial position. Although these estimates are based on management's experience and knowledge of current events and actions, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to

accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **(a) Changes in accounting policies and disclosures**

(a) New, amended standards, interpretations not adopted by the Company

- Amendments to IFRS 3 Business Combinations - change in reference to the conceptual framework (applicable on or after 1 January 2022)
- Amendments to IFRS 17 Insurance Contracts - measurement of insurance liabilities (applicable on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements - further disclosure requirements including additional detail around accounting policies (applicable on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - definition of accounting estimates (applicable on or after 1 January 2023)
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (applicable on or after 1 January 2022)

\* Subject to endorsement

Management has not yet fully assessed the impact of this standard, but does not believe it will have a material impact on the financial statements.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income using the expected credit loss method. The carrying amount of these assets approximates their fair value.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. Due to the

short term nature of these balances, the carrying amount of trade payables approximates to their fair value.

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Critical accounting estimates and judgments

The Company makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, which are described above, the directors do not believe that they have had to make any assumptions or judgements that would have a material effect on the amounts recognised in the financial information.

### Financial risk management

The Company's activities may expose it to some financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

### Capital risk

The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. Investments are closely monitored.

### Investments in subsidiary companies

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition.

### Impairment of investments in subsidiaries

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

## 3. Notes to the financial statements

### 3.1 Net amounts due from subsidiaries

	Year ended 31-Dec-22 £'000	Year ended 31-Dec-21 £'000
Amounts due from subsidiaries	19,740	13,394
Impairment provision	(19,740)	(13,394)
<b>Net amounts due from subsidiaries</b>	<b>-</b>	<b>-</b>

During the period, management reviewed the future cash flow projections and market value of Mode Group Holdings Plc's subsidiary undertakings and deemed it appropriate to pass an impairment provision to reduce their values to nil. Management will continue to review the forecasts of the subsidiary undertakings and assess whether it is appropriate to reverse this impairment charge in future periods.

### 3.2 Capital risk management

The directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed by the introduction of capital. In the future, the capital structure of the Company is to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

### 3.3 Investments in subsidiary undertakings

The principal undertakings in which the Company has an interest at the period-end is as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Ownership</b>	<b>Nature of Business</b>
Mode Global Limited	United Kingdom	Direct	100%	Holding Company
JGOO Limited*	United Kingdom	Indirect	100%	Global Payments Platform
Fibermode Limited**	United Kingdom	Indirect	100%	Mode Digital Wallet (including Cryptocurrency)
Greyfoxx Limited*	United Kingdom	Indirect	100%	Mode for Business
Fibere Limited*	United Kingdom	Indirect	100%	Mode Apparel Store

\* - direct 100% investments of Mode Global Limited

\*\* - direct 100% investment of Greyfoxx Limited

### Share in group undertakings

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
	<b>£'000</b>	<b>£'000</b>
<b>At period start (1 January)</b>	-	<b>27,490</b>
Additions	5,805	-
Impairment	(5,805)	(27,490)
<b>At period end (31 December)</b>	-	-

During the period, management reviewed the future cash flow projections and market value of Mode Group Holdings Plc's subsidiary undertakings and deemed it appropriate to pass an impairment to reduce their values to nil. Management will continue to review the forecasts of the subsidiary undertakings and assess whether it is appropriate to reverse this impairment charge in future periods.

### 3.4 Share capital

For details of the share capital see Note 14 of the consolidated financial statements.

### 3.5 Related party transactions

During the year ended 31 December 2022 and 2021, there were no related party transactions that occurred other than disclosed in note of the consolidated financial statements.



### **3.6 Merger relief reserve**

The merger relief reserve was created to recognise the excess over par value of the shares issued as part of the share-for-share exchange with the previous shareholders of Mode Global Limited.

### **3.7 Share-based payment reserve**

See Note 15 of the consolidated financial statements.

### **3.8 Contingent liabilities**

The Company has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

### **3.9 Capital commitments**

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

### **3.10 Ultimate controlling party**

There is no ultimate controlling party of the Company.

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